

**Transmission Workstream Minutes**  
**Thursday 03 December 2009**  
**Elexon, 350 Euston Road, London NW1 3AW**

**Attendees**

John Bradley (Chair)	JB	Joint Office
Alan Raper	AR	National Grid Distribution
Andrew Fox	AF	National Grid NTS
Chris Shanley	CS	National Grid NTS
Chris Wright	CW	Centrica
David Linden	DL	BP Gas
Fergus Healy	FH	National Grid NTS
Graham Jack	GJ	Centrica
Ian Taylor	IT	Northern Gas Networks
Jamie Black	JBI	Ofgem
Joanna Ferguson	JF	Northern Gas Networks
Joy Chadwick	JC	ExxonMobil
Julie Cox	JCx	AEP
Keith Messenger	KM	Poyry Energy Consulting
Lorna Dupont (Secretary)	LD	Joint Office
Mark Dalton	MD	BG Group
Nick Reeves	NR	National Grid NTS
Paul O'Donovan	POD	Ofgem
Rekha Patel	RP	Waters Wye
Richard Fairholme	RF	EON UK
Richard Street	RS	Corona Energy
Ritchard Hewitt	RH	National Grid NTS
Sebastian Eyre	SE	EDF Energy
Shelley Rouse	SR	Statoil
Simon Trivella	ST	Wales & West Utilities
Steven Sherwood	SS	Scotia Gas Networks

**1. Introduction**

JB welcomed attendees to the meeting.

**1.1. Minutes of the previous Workstream Meetings**

Comments were received on the following sets of minutes:

**1.1.1 Meeting 01 October 2009**

It was pointed out that Action TR1002 in fact referred to Modification Proposal 0240 and not 0260 as reported. The following change was agreed and will also be reflected in the Action Table:

**“Action TR1002:** National Grid NTS (CS) to report when Safety Case changes to support Modification Proposal ~~0260~~ 0240 will be submitted.”

**1.1.2 Meeting 05 November 2009**

Referring to item 1.3.1, POD commented that the consultation period on the UNC0246 Impact Assessment was finishing in mid November, and that Ofgem would be looking to issue a determination before the end of December.

The minutes of the previous Workstream meeting were approved.

## 1.2. Review of Outstanding Actions

### 1.2.1. Actions from the Workstream

**Action TR1097:** Ofgem to consider and report back whether they would wish to encourage the establishment of a group involving all stakeholders, both Government and industry, to look holistically at gas emergency arrangements.

**Update:** On hold until report published, due at the end of 2009.

**Action carried forward**

**Action TR0705:** National Grid NTS to consider whether a gradual population of more years of historical data at reasonable cost is feasible.

**Update:** See agenda item 3.3.1, below.

**Action closed**

**Action TR0902:** Ofgem to consider publishing details of the back casting exercise that suggested 50% of change proposals might fall to self-governance.

**Update:** POD reported that in light of the new criteria Ofgem (Jon Dixon) was presenting the policies at the various Panels.

**Action carried forward**

**Action TR0904:** National Grid NTS to consider quantifying the likely impact on unbilled energy if Modification Proposal 0266 were to be implemented.

**Update:** RH confirmed that work on this was continuing, and pointed out that the analysis was far more difficult than had first been thought. In the meantime, Ofgem had issued a 'minded to' letter. ST questioned if the UNC Modification Panel or Workstream would want to re-consult following the results of the analysis.

CW thought that would depend on whether any impact was indicated, but the possibility should be borne in mind. POD added that Ofgem had discussed this internally, and a re-consultation would only be necessary if the analysis showed something untoward which might affect the decision; he did not think it would require an Impact Assessment. JCx pointed out that this situation did raise a lot of issues should this Modification Proposal eventually be rejected, when Ofgem have accepted other very similar ones.

**Action carried forward**

**Action TR1002:** National Grid NTS (CS) to report when Safety Case changes to support Modification Proposal ~~0260~~ 0240 will be submitted.

**Update:** It was confirmed that this action is related to the Operation Margins Safety Case and not Modification Proposal 0260.

National Grid NTS (Network Operations) have been working with the HSE to ensure the revised Safety Case addresses any concerns they may have. National Grid submitted a Safety Case demonstration to the HSE in the week commencing 16 November 2009. If successful, this would remove the restriction that the service must be provided from gas in store, allowing service provision by demand reduction and supply increase.

**Action closed**

**Action TR1006:** Metering Standards and Impact upon Shrinkage - Ofgem (BL) to confirm the basis of the figures presented on the impact of metering accuracy discrepancies.

**Update:** POD reported that BL had confirmed that the energy measurement errors in her presentation related to domestic meters rather than NTS exit meters. **Action closed**

**Action TR1101:** National Grid NTS to provide clarification on the systems costs of Exit Reform, and how much was capital expenditure and how much was operating expenditure.

**Update:** See agenda item 3.2.1, below. **Action closed**

### **1.3. Review of Workstream's Modification Proposals and Topics**

#### **1.3.1. Modification Status Report (Modification Proposals Register<sup>1</sup>)**

JB gave an update on live and recently closed Modification Proposals.

#### **1.3.2. Topic Status Report**

The Topic Status Report for the Transmission Workstream is located on the Joint Office website at: <http://www.gasgovernance.co.uk/mods/>.

003TR: POD reported that the System Flexibility Workshop had been well attended. Ofgem intended to issue a consultation late January 2010 summarising the content of the workshops and soliciting further views.

008TR: The next workshop will be held on 16 December 2009.

020TR: A Gas Quality Seminar was held on 18 November 2009 and SR gave a brief update. Fluxys had given a presentation on CV quality indicating that there was likely to be an issue in the amount of gas able to be accepted. She reported that the Ofgem Partner for Markets (Ian Marlee) had believed the issues highlighted were not due to a failure of the market, and that it was up to the market to resolve them.

024TR: JB reported that a new Proposal was still under consideration by the EBCC. RH added that the legal text was proving to be very complex and that an external lawyer was assisting in its development.

023TR: It was agreed this should remain 'on hold'.

### **1.4. Related Meetings and Review Groups**

An update on related meetings was provided.

It was reported that Review Group 0251 had published a draft Report and were meeting to finalise this on 08 December 2009 via teleconference.

There were no matters arising that required the attention of the Workstream.

## **2. UNC Modification Proposals**

### **2.1. Modification Proposal 0273: "Governance of Feasibility Study Requests to Support Changes to the Network Exit Agreements"**

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<sup>1</sup> The Modification Proposals Register is available to view at: <http://www.gasgovernance.co.uk/mods/>

### 2.1.1 E.ON Presentation

RF presented on behalf of E.ON, and gave a brief overview of the intent of the Proposal, explaining the problems that Shippers currently face and what perceived benefits might be obtained should the proposed changes be implemented. The experiences of both Shippers and DNs were then discussed in greater detail.

JCx observed that many of her members experienced and reported similar issues as described by E.ON. ST believed it was not appropriate for the Proposal to encompass the DNs. These instances were classed as 'sufficiently complex' jobs and as far as he was aware, Wales & West Utilities (WWU) had never required a feasibility study for a change to ramp rate, and pointed out the impossibility of applying standard charges to a DN connection. The focus would be on reinforcement work rather than an AGI, and therefore standard costs could not be applied. He was not aware of any such issue regarding the WWU network, and would be reluctant to assume an administrative burden for a problem that appeared not to exist for DNs.

RF appreciated that these may be rare instances but setting time limits to responses etc would help Shippers and their customers. ST pointed out that everyone needed to be treated equally, but if DNS were to be included they would have to be treated differently. RF welcomed all suggestions for improving the situation.

JB then asked for the views of the other DNS.

AR (for National Grid Distribution) agreed that if there were issues they were likely to be the exception rather than the rule, and would like Shippers to flag these up if they thought that service standards were below par. He believed that it was better to deal with any perceived shortcomings in the current arrangements, before considering the addition of an extra layer of governance in the UNC.

RS referred to the RGMA discussions where although fixed timescales were not deemed appropriate, it was acknowledged that targets were important for keeping Shippers updated and this appeared to be the best solution; some 'commitment to respond' would therefore be welcomed, and could perhaps be developed through a 'Best Practice' initiative.

SS (for Scotia Gas Networks) reported a similar experience to the other DNs, whereby requests for a change are dealt with in the normal way. He agreed that poor performance should be escalated and observed that these customers were very important to the DN and there was no incentive to 'ignore' them. He agreed that standard formats would be useful.

IT (for Northern Gas Networks) held the same views, and believed that NGN indicated and tried to meet appropriate timescales; he was not aware of any reports of dissatisfaction. He pointed out that feasibility studies were very much bespoke, and that the information provided by customers is often unclear of insufficient in the first instance, and that clarifications often had to be sought.

AR added that there were many complexities and by nature this would be extremely difficult to standardise, however standard paperwork would be an improvement. It was better to take the time to get the 'right' answer rather than be forced to meet a fixed and inappropriate timescale. SS believed that the DNs should be looking to improve their own processes, without it necessarily becoming a UNC requirement.

RS believed that keeping customers informed in good time was key so that there were no surprises or disappointed expectations. SS responded that a DN's external contractor might fulfil 'sufficiently complex' jobs and they would

generally provide guidance on the timescales that could be expected. JCx pointed out that from a customer's viewpoint, to have things completely open ended was not appropriate; feedback from her members decries the poor communications and lack of timely information/updates. There was a clear requirement to set some boundaries incorporating elements of reasonable expectations. SS responded that at times it could be quite a long drawn out process to understand what is required, and get it scoped, contracted and signed by the customer, and at other times could be fairly simple, depending on the requirements of the customer. ST added that some will come through as capacity requests and would be dealt with quite quickly if they could be accommodated, others were more difficult, eg ramp rates in NEXAs.

### **2.1.2 National Grid NTS Response**

CS responded on behalf of National Grid NTS, and compared the electricity industry process with the current gas process, and the attendant difficulties.

It was acknowledged that some improvements in relation to transparency and better templates to gather the initial requirements could be made, and CS added that National Grid NTS tried to work with customers to deliver what they actually wanted so that unnecessary studies/costs were avoided.

In response to a question from JCx, CS said that network analysis, AGIs, current/new heaters, impact on the network were considered, some elements of which were looked at in-house, and some out-house. CS explained the resourcing applied to this area and JCx asked if the network analysis was causing the log jam, if there was only one person allocated to do all of this.

GJ questioned the wisdom of the allocation of a single person to these tasks. CS explained that the person allocated was part of a larger team, and there may be times when the delivery of higher priorities took precedence. This was part of a complex area and required certain levels of expertise to handle. RS commented that perhaps it was not given the same priority, as it would have to have under a commercial regime, and wished that National Grid NTS would respond to customer requests as if it was a competitively commercial concern, rather than exhibiting monopoly behaviour. RH responded that RS appeared to want not only a commercial solution but also a requirement on National Grid NTS to respond no matter what the cost, in which case National Grid NTS would also require an option to refuse the job. RH agreed with the DNs that it would be a good idea to review any examples of dissatisfaction and consider any issues identified in an effort to establish improvements. FH added that it was possible to look at making improvements to information gathering and communication, but improvements to the design studies themselves may prove more difficult. RS believed that transparency on timescales and indicative prices should not be hard to provide. JC pointed out that offshore infrastructure owners/providers face the same issues and have to comply with certain regulations. Onshore does not seem to have similar governance or formal expectations within the process. A voluntary code of practice would therefore be useful.

CW commented that RF believes there to be real issues surrounding the process and suggested that it might be helpful if there were any real examples that could be made available for review so that the causes of dissatisfaction might be identified, considered and addressed appropriately. SE pointed out that there might be other comparative connection regimes, which could also be considered in the search for improvement.

JB then summarised the views of the meeting and suggested that a specific Group operating under the Transmission Workstream might be the best forum in

which to address the issues and develop the Modification Proposal appropriately. In order to structure the meetings efficiently, they would be run in a similar manner to a Development Work Group with Terms of Reference adopted.

**Action TR1201: RF to develop draft Terms of Reference for discussion/consideration at the next Workstream, and propose some initial meeting dates.**

### 3. Topics

#### 3.1. NTS Exit (Flat) Capacity Charges - Credit Arrangements (UNC TPD V3.3.4)

ST presented on behalf of Wales & West Utilities, and explained the background to the issue of inequity, giving WWU's view and proposing a variety of options. This had been discussed at Review Group 0252 and Ofgem's opinion had been requested and the response was quoted within the presentation.

JF (Northern Gas Networks) agreed with WWU's view and believed that action needed to be taken to address the inequity.

When asked for his preference, ST responded that he would prefer the option that removed DNOs as Users and 3.3.4.

In response to the question from JB, it was agreed to continue discussions on this topic at the next Workstream.

Views were now sought in advance of the next Workstream meeting and would be welcomed from all parties.

**Action TR1202: NTS Exit (Flat) Capacity Charges - Credit Arrangements (UNC TPD V3.3.4) - Views to be provided in advance of the next Workstream meeting.**

#### 3.2 Topic 003TR Review of NTS Exit Capacity Arrangements

##### 3.2.1 Modification Proposal 0276 - Alternative User Pays Approach to UNC Modification Proposal 0263

FH presented on behalf of National Grid NTS, and briefly outlined the background and the intent of the alternative approach. The ROM cost range and a development timeframe were also presented, and the funding arrangements were clarified.

RS questioned the 100% allocation of costs to Users. FH said that he was unable to predict what the take up or level of usage might be. RH added that there was no benefit to National Grids NTS; it was difficult therefore to know how to apportion, as there was no idea how often this facility would be used. Any party holding the capacity at these Offtakes at this time will be incurring the charge. RS was unhappy with this; it was unfair that the User has had to accept what has been foisted upon them. RH suggested that RS might raise a Modification Proposal to change the charging proposals.

FH said that to rollback Phase 2 would increase the costs; xoserve had been asked to look at how it could be run in parallel. Phase 3 Exit Reform was due at the back end of 2011. Assignment will be part of Phase 2 and to do partial assignment at the same time would be very difficult, but it would also present difficulties if both were to be moved to Phase 3 because of the work already carried out. Actual costs were open to some fluctuation. xoserve believed it to be too much of a risk to get it into Phase 2 and so would not quote costs.

From the discussion it was clear that views on the apportionment of costs were polarised, and JB pointed out that whether or not the intent of the Modification Proposal was agreed with, it had to be decided whether the Modification Proposal was thought to be in a fit state to be issued for consultation. It was agreed that a recommendation be made to the UNC Modification Panel that it be issued for consultation.

### **3.2.2 Transmission Planning Code Update – Proposed Change to Design Margin**

FH presented on behalf of National Grid NTS, and gave a brief overview of the design margin and explained the intention to revise the value used within the long term planning models, following a review by Advantica (GL). A consultation will commence in January 2010 to update the Transmission Planning Code.

JCx questioned the effect of the revision. RH thought that it might change the capability but not the operation, however he was not certain and FH agreed to find out what the impact may be if any.

**Action TR1203: Quantify the effect (if any) on customers, of the intended revision of the value of the Design Margin within the long term planning models.**

### **3.2.3 Exit Capacity Substitution and Revision**

On behalf of National Grid NTS, AF presented the proposed timetable for development of Exit Capacity Substitution and Revision methodologies, and explained the Licence requirements and the key dates. In response to a question on the requirement for any Licence changes, AF confirmed that changes to any baselines as a result of substitution were published in the baseline statement.

AF then presented some draft agendas for the workshops planned for 2010. It was intended to hold the first workshop on 27 January 2010, and AF requested that interested parties take time to identify any areas or issues that need to be considered as proposals are being developed, and forward their responses to: [lesley.ramsey@uk.ngrid.com](mailto:lesley.ramsey@uk.ngrid.com) (with a cc to [box.transmissioncapacityandcharging@uk.ngrid.com](mailto:box.transmissioncapacityandcharging@uk.ngrid.com)) by 08 January 2010.

Recalling experiences from the previous series of workshops, CW requested that a 'decision maker' from Ofgem introduce the workshops and present a clear view at the outset as to Ofgem's expectations.

## **3.3 Topic 022TR European Transparency Requirements**

### **3.3.1 EU 3<sup>rd</sup> Package Update**

In response to Action TR0705, CS presented on behalf of National Grid NTS and outlined the background to the requirements and the project. Various options to extend the historical population of data items continued to be evaluated, and following further clarification it was hoped to provide an update early in 2010.

JCx queried the implementation date and CS agreed to clarify what requirements/date was being worked to.

**Action TR1204: EU 3<sup>rd</sup> Package Update - clarify what requirements/date was being worked to.**

JCx also queried that one of the data items to be published relates to pressure in a balancing zone, and wanted to know how this was to be interpreted by National Grid NTS.

**Action TR1205: EU 3<sup>rd</sup> Package Update – a data item to be published relates to pressure in a balancing zone – clarify how is this to be interpreted by National Grid NTS.**

DL pointed out that one of the key issues in this area is the definition of data across Europe, and BP's internal work has highlighted the differences in meanings and potential difficulties. CS believed that this was still under discussion across the various countries involved, but noted comments made and with the intention of passing the feedback to the European Team and the Transparency Project.

### **3.4 Topic 019TR Emergency Market Arrangements**

#### **3.4.1 Implementation Update: Modification Proposal 0260 – Revision of the Post –emergency Claims Arrangements**

RH reported that this Modification had been implemented on 01 December 2009, and that National Grid NTS had established a dedicated area for Post-emergency Claims on its website at:

<http://www.nationalgrid.com/uk/Gas/OperationalInfo/PostEmergencyClaims>

This area would contain various items to aid Users, some of which were yet to be published. JBI confirmed that Ofgem was working on the Economic Price Assessment Guidelines, and these will be consulted on shortly (with the intention to consult on them yearly).

Any views on this new web page or suggestions for improvement would be welcomed.

### **3.5 Draft Shrinkage Proposal**

NR presented on behalf of National Grid NTS, and explained the background and intent of the Proposal, which was seeking to align NTS and LDZ reporting periods by moving the annual forecast of NTS Shrinkage to the financial year. The envisaged changes were outlined, and CS added that National Grid NTS would like to get these in before the start of the formula year.

It was intended to formally publish the Modification Proposal next week.

## **4. Any Other Business**

### **4.1. Exit Review**

Following the introduction of the new exit processes FH advised that it is intended to hold an Exit Review early in 2010 (possibly January) in the form of a separate meeting, potentially after the next Transmission Workstream.

FH would be happy to receive any views or suggestions for items for discussion in advance.

## **5. Diary Planning**

The next Transmission Workstream meeting is due to be held at 10:00 on Thursday 07 January 2010, at Elexon, 350 Euston Road, London NW1 3AW.

Details of all planned meetings are on the Joint Office website at:  
[www.gasgovernance.co.uk/Diary](http://www.gasgovernance.co.uk/Diary)

**Action Log – UNC Transmission Workstream: 03 December 2009**

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
TR 1097	03/07/08	2.2.3	Ofgem to consider and report back whether they would wish to encourage the establishment of a group involving all stakeholders, both Government and industry, to look holistically at gas emergency arrangements.	Ofgem (BW)	To be reconsidered early on 2010 in light of Project Discovery <b>Carried forward</b>
TR 0705	02/07/09	3.3.2	National Grid NTS to consider whether a gradual population of more years of historical data at reasonable cost is feasible	National Grid NTS (CS)	<b>Closed</b>
TR 0902	03/09/09	2	Ofgem to consider publishing details of the back casting exercise that suggested 50% of change proposals might fall to self governance.	Ofgem (MF)	Ofgem to present at November Modification Panel <b>Carried Forward</b>
TR 0904	03/09/09	5.1	National Grid NTS to consider quantifying the likely impact on unbilled energy if Modification Proposal 0266 were to be implemented.	National Grid NTS (SF)	Work continuing <b>Carried Forward</b>
TR 1002	01/10/09	1.3.1	Report when Safety Case changes to support Modification Proposal 0260 0240 will be submitted.	National Grid NTS (CS)	<b>Closed</b>
TR 1006	01/10/09	3.1	Confirm the basis of the figures presented on the impact of metering accuracy discrepancies.	Ofgem (BL)	<b>Closed</b>
TR 1101	05/11/09	3.2.1	Provide clarification on the systems costs of Exit Reform, and how much was capital expenditure and how much was operating expenditure.	National Grid NTS (SF/RH)	<b>Closed</b>
TR 1201	03/12/09	2.1.2	Modification Proposal 0273 - Develop draft Terms of Reference for discussion/ consideration at the next Workstream, and propose some initial meeting dates.	E.ON (RF)	

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
TR 1202	03/12/09	3.1	<i>NTS Exit (Flat) Capacity Charges - Credit Arrangements (UNC TPD V3.3.4)</i> - Views to be provided in advance of the next Workstream meeting.	ALL	
TR 1203	03/12/09	3.2.2	Quantify the effect (if any) on customers, of the intended revision of the value of the Design Margin within the long term planning models.	National Grid NTS (FH)	
TR 1204	03/12/09	3.3.1	EU 3 <sup>rd</sup> Package Update - clarify what requirements/date was being worked to.	National Grid NTS (CS)	
TR 1205	03/12/09	3.3.1	EU 3 <sup>rd</sup> Package Update – a data item to be published relates to pressure in a balancing zone – clarify how is this to be interpreted by National Grid NTS.	National Grid NTS (CS)	